

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 24, 2021

4:05 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative Liz Snyder (via teleconference)
Representative David Nelson
Representative James Kaufman
Representative Ken McCarty

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 133

"An Act relating to the Alaska savings program for eligible individuals; relating to education savings programs; relating to the Education Trust of Alaska; relating to the Alaska advance college tuition savings fund; relating to the Alaska education savings program for children; and relating to the Governor's Council on Disabilities and Special Education."

- MOVED CSHB 133(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 121

"An Act relating to education tax credits for certain payments and contributions for child care and child care facilities; and providing for an effective date."

- MOVED CSHB 121(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 133

SHORT TITLE: AK ED SAVINGS PROGRAMS/ELIGIBILITY

SPONSOR(s): LABOR & COMMERCE

03/10/21	(H)	READ THE FIRST TIME - REFERRALS
03/10/21	(H)	L&C, FIN
03/17/21	(H)	L&C AT 5:45 PM BARNES 124

03/17/21	(H)	<Bill Hearing Canceled>
03/19/21	(H)	L&C AT 3:15 PM BARNES 124
03/19/21	(H)	Heard & Held
03/19/21	(H)	MINUTE (L&C)
03/24/21	(H)	L&C AT 3:15 PM DAVIS 106

BILL: HB 121

SHORT TITLE: EDUC.TAX CREDIT: EMPLOYER CHILD CARE COST
 SPONSOR(s): FIELDS

03/03/21	(H)	READ THE FIRST TIME - REFERRALS
03/03/21	(H)	L&C, FIN
03/17/21	(H)	L&C AT 5:45 PM BARNES 124
03/17/21	(H)	Heard & Held
03/17/21	(H)	MINUTE (L&C)
03/24/21	(H)	L&C AT 3:15 PM DAVIS 106

WITNESS REGISTER

MICHELE GIRAULT
 Key Coalition of Alaska
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 133.

OLIVIA FOSTER, Nurse
 Providence Valdez Medical Center
 Valdez, Alaska

POSITION STATEMENT: Testified in support of HB 121.

LAURA NORTON-CRUZ, Volunteer Organizer
 Growing Alaska Leaders
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 121.

NICOLE REYNOLDS, Deputy Director
 Tax Division
 Department of Revenue,
 Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 121.

ACTION NARRATIVE

[4:05:45 PM](#)

CO-CHAIR IVY SPOHNHOLZ called the House Labor and Commerce Standing Committee meeting to order at 4:05 p.m.

Representatives Fields, Spohnholz, Schrage, Nelson, Kaufman, and McCarty were present at the call to order. Representative Snyder arrived (via teleconference) as the meeting was in progress.

HB 133-AK ED SAVINGS PROGRAMS/ELIGIBILITY

[4:07:13 PM](#)

CO-CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 133, "An Act relating to the Alaska savings program for eligible individuals; relating to education savings programs; relating to the Education Trust of Alaska; relating to the Alaska advance college tuition savings fund; relating to the Alaska education savings program for children; and relating to the Governor's Council on Disabilities and Special Education."

[4:07:47 PM](#)

CO-CHAIR FIELDS moved to adopt the proposed committee substitute (CS) for HB 133, Version 32-LS0450\I, Bannister, 3/22/21, as the working document.

[4:08:01 PM](#)

The committee took a brief at ease.

[4:08:25 PM](#)

CO-CHAIR SPOHNHOLZ objected for the purpose of discussion. She asked Co-Chair Fields to describe the changes in the CS.

[4:08:43 PM](#)

CO-CHAIR FIELDS explained that the substantive change in the proposed CS is that following discussions with the Department of Revenue (DOR) and the Department of Health and Social Services (DHSS), the Achieving a Better Life Experience (ABLE) Act program will remain under the management of DOR instead of moving it to DHSS. He shared his understanding that although there may not be a perfect place for the program, the DOR has done well managing it thus far and concluded that it should remain under the jurisdiction of DOR. He noted that DHSS sent a long email explaining why it was preferable to leave it under DOR and he is listening to that guidance.

[4:09:33 PM](#)

CO-CHAIR SPOHNHOLZ opened public testimony on HB 133.

[4:09:41 PM](#)

MICHELE GIRAULT, Key Coalition of Alaska, explained that the coalition is a statewide advocacy organization representing stakeholders experiencing disabilities, their family members and supporters, and service providers. She shared that the passage of the ABLE Act was life-enhancing for Alaskans with disabilities and allowed individuals to save money without jeopardizing their disability benefits. She concluded that the coalition is in support of HB 133, which as she understands it, aligns state implementation and language with federal expectations, language, and intent.

[4:11:28 PM](#)

CO-CHAIR SPOHNHOLZ announced that HB 133 was held over. [The bill was brought back later in the meeting to address the pending objection to the motion to adopt the proposed committee substitute.]

HB 121-EDUC.TAX CREDIT: EMPLOYER CHILD CARE COST

[4:11:57 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be HB 121, HOUSE BILL NO. 121, "An Act relating to education tax credits for certain payments and contributions for child care and child care facilities; and providing for an effective date."

[The committee set aside HB 121 to take up later in the meeting.]

[4:12:06 PM](#)

The committee took a brief at-ease.

HB 133-AK ED SAVINGS PROGRAMS/ELIGIBILITY

[4:12:20 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be a return to HOUSE BILL NO. 133, "An Act relating to the

Alaska savings program for eligible individuals; relating to education savings programs; relating to the Education Trust of Alaska; relating to the Alaska advance college tuition savings fund; relating to the Alaska education savings program for children; and relating to the Governor's Council on Disabilities and Special Education."

CO-CHAIR SPOHNHOLZ removed her objection to the motion to adopt the proposed CS for HB 133, Version 32-LS0450\I, Bannister, 3/22/21, as the working document. There being no further objection, Version I was before the committee.

[HB 133 was set aside and addressed again later in the meeting.]

HB 121-EDUC.TAX CREDIT: EMPLOYER CHILD CARE COST

[4:12:38 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 121, "An Act relating to education tax credits for certain payments and contributions for child care and child care facilities; and providing for an effective date."

[4:12:41 PM](#)

CO-CHAIR FIELDS moved to adopt the proposed committee substitute (CS) for HB 121, Version 32-LS0364\B, Nauman, 3/20/21, as the working document.

[4:12:59 PM](#)

CO-CHAIR SPOHNHOLZ objected so that Co-Chair Fields could describe the proposed changes in the CS.

[4:13:05 PM](#)

CO-CHAIR FIELDS explained that some of the changes came about at the suggestion of the Division of Insurance Director, Lori Wing-Heier. He directed attention to language in Section 1, paragraph (7) of the CS [hard copy included in the committee packet], which clarifies that the tax credits were only to be used for expenses in the state of Alaska and read as follows:

(7) expenditures made to operate a child care facility in the state for the children of the taxpayer's employees;

CO-CHAIR FIELDS added that there are also some conforming changes regarding the use of ["**in the state**"] in Section 1, paragraphs (8) and (9) [on page 2], and also on pages 4, 5, 7, 9, 11, and 13. He reiterated that the only substantive changes are to clarify that the facilities are "**in the state**".

[4:14:00 PM](#)

REPRESENTATIVE MCCARTY asked whether the change clarifying that the facilities are in-state would disqualify employees that travel out of state for work and bring their children from claiming credit.

CO-CHAIR FIELDS responded that the intent is to avoid giving Alaska tax credits for operations in other states. He said he would have to follow up with Ms. Wing-Heier about the type of situation that Representative McCarty described.

REPRESENTATIVE MCCARTY asked if this covers anyone working in child care.

CO-CHAIR FIELDS responded that it applies to anyone doing child care work within the confines of existing child care regulations. This could be an onsite facility of a licensed employer or an employer supplying a stipend to a licensed facility, he continued.

REPRESENTATIVE MCCARTY asked for clarification on whether a licensed facility could be a "mom and pop" home facility.

CO-CHAIR FIELDS stated that his intent was to include all facilities that operate within the suite of regulations that the Department of Health and Social Services (DHSS) oversees, and he said that he would like to defer to the department when it comes to a description of those facilities.

REPRESENTATIVE MCCARTY reiterated his question and asked if it applies to licensed individuals running small child care operations out of their homes.

CO-CHAIR FIELDS responded that yes, the intention is to include all legal child care operating facilities, large or small, onsite or offsite, depending on the nature of the employer stipend.

[4:16:44 PM](#)

CO-CHAIR SPOHNHOLZ offered clarification that this is limited to licensed facilities. If, for example, a relative provided child care, it would not apply to the relative unless they were also licensed.

REPRESENTATIVE MCCARTY thanked her for the clarification.

[4:17:20 PM](#)

CO-CHAIR SPOHNHOLZ removed her objection to the motion to adopt the proposed CS for HB 121, Version 32-LS0364\B, Nauman, 3/20/21, as a working document. there being no objections, Version B was before the committee.

[4:17:40 PM](#)

The committee took an at-ease from 4:17 p.m. to 4:19 p.m.

[4:19:40 PM](#)

CO-CHAIR SPOHNHOLZ opened public testimony on HB 121.

[4:19:47 PM](#)

OLIVIA FOSTER, Nurse, Providence Valdez Medical Center, shared that she has been a nurse in Alaska for the past twelve years, with six of those years spent in Valdez, Alaska. She also noted that she is a board member of Thread Alaska. She is in support of HB 121 and stated that she would like to encourage legislators to pass it. Nurses are the largest sector of the health profession, she said, and the occupation is projected to grow at a faster rate than any other occupation from 2016-2026. As nurses are majority female, many will cut back or leave the profession all together during childbearing years, which she said adds to the nurse shortage problem. She shared the community of Valdez has identified that there is a deficiency in access to high-quality early childhood learning, which can be a major barrier to employers in recruiting and maintaining employees. She opined that the profession of nursing does not need any additional barriers, though nursing is not the only profession that is impacted by this problem. To address this concern, the city of Valdez has formed a "0-3 with Families Alliance" that consists of nonprofit, city, state, tribal, and private businesses in the community. She added that although nonprofit businesses would not be eligible for the changes in the bill, the private businesses that they partner with would be eligible. She concluded that HB 121 would supplement access for

Alaska children to safe, high-quality, affordable early learning, which she opined is imperative to the health and wellness of all Alaskans.

[4:22:08 PM](#)

LAURA NORTON-CRUZ, Volunteer Organizer, Growing Alaska Leaders, stated that she is in support of HB 121 and thinks that it is crucial to do everything possible to support access to quality and affordable child care. She shared that Alaska is one of the least affordable states in the country for child care, and that it is important for children to have quality care as it is a crucial time for brain development. The price in Alaska for child care is about 17 percent of the average medium income family, she said, but for lower wage workers the cost can consist of over half of a worker's income. She concluded that investing in child care is a smart investment because it benefits the wellbeing of the families, but also because it benefits businesses because access to child care improves employee retention.

[4:24:26 PM](#)

CO-CHAIR SPOHNHOLZ, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 121.

[4:24:41 PM](#)

REPRESENTATIVE KAUFMAN asked about the fiscal impact of the bill. He shared his understanding that it is not neutral to the balance sheet, and asked if the sponsor knows what the fiscal impact might be.

CO-CHAIR FIELDS explained that DOR previously testified on the indeterminate fiscal note that the department submitted in terms of the tax expenditures based on not knowing how many employers would participate in the program.

[4:25:45 PM](#)

NICOLE REYNOLDS, Director, Tax Division, Department of Revenue, explained that DOR submitted an indeterminate fiscal note for the bill because the department was uncertain how many employers would participate and how many employers would start paying child care costs to their employees if this credit was imposed. The department was unable to predict what the impact might be, but for the education tax credit in general, there is a one-

million-dollar cap across all tax types, she shared. This means that any one taxpayer cannot exceed that cap annually.

[HB 121 was set aside and addressed again later in the meeting.]

HB 133-AK ED SAVINGS PROGRAMS/ELIGIBILITY

[4:27:06 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be a return to HOUSE BILL NO. 133, "An Act relating to the Alaska savings program for eligible individuals; relating to education savings programs; relating to the Education Trust of Alaska; relating to the Alaska advance college tuition savings fund; relating to the Alaska education savings program for children; and relating to the Governor's Council on Disabilities and Special Education."

[4:27:21 PM](#)

CO-CHAIR FIELDS moved to report CSHB 133, Version 32-LS0450\I, Bannister, 3/22/21, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 133(L&C) was reported out of the House Labor and Commerce Standing Committee.

HB 121-EDUC.TAX CREDIT: EMPLOYER CHILD CARE COST

[4:27:38 PM](#)

CO-CHAIR SPOHNHOLZ announced that the final order of business would be a return to HOUSE BILL NO. 121, "An Act relating to education tax credits for certain payments and contributions for child care and child care facilities; and providing for an effective date."

[4:27:41 PM](#)

CO-CHAIR FIELDS moved to report CSHB 121, Version 32-LS0364\B, Nauman, 3/20/21, out of committee with individual recommendations and the accompanying fiscal notes.

[4:27:51 PM](#)

REPRESENTATIVE NELSON objected for purposes of discussion.

[4:27:58 PM](#)

REPRESENTATIVE NELSON spoke to his objection. He shared his opinion that since the state is in a fiscally challenging time and DOR is unable to project the fiscal impact of the bill, it would not be prudent to provide this additional benefit. In addition, he said that he would like to know how many businesses already provide child care benefits that can be reimbursed with tax dollars.

[4:28:26 PM](#)

REPRESENTATIVE NELSON maintained his objection.

[4:28:30 PM](#)

A roll call vote was taken. Representatives McCarty, Schrage, Snyder, Fields, and Spohnholz voted in favor of the motion to move CSHB 121, Version 32-LS0364\B, Nauman, 3/20/21, out of committee with individual recommendations and the accompanying fiscal notes. Representatives Kaufman and Nelson voted against it. Therefore, CSHB 121 (L&C) was reported out of the House Labor and Commerce Standing Committee by a vote of 5-2.

[4:29:38 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:30 p.m.